

Comments at the ICC Meeting January 16, 2018 in Hillsboro, IL

Thank you for coming to Hillsboro and for listening to our comments. I regret that we did not have warmer weather to welcome you.

To begin, I do not see how there should be any change in capacity allotments based on the possible closing of coal-fired power plants in MISO Zone 4. I ask that the Illinois Commerce Commission carefully consider the additional impacts of solar and wind energy and energy efficiency in its review of the MISO Zone 4 capacity. It seems to me that earlier MISO reports showed decreasing electric demand. Also, the recent analysis and decision of the Federal Energy Regulatory Commission concluded there is no shortfall in electric resources that would require stockpiling coal and FERC clearly is not requiring any change along those lines.

Illinois regulators and legislators have promoted the coal-utility industry for decades, but the demand for coal has declined nationally because less expensive and far better, cleaner alternative energy sources have become available. My concern is that the coal-utility industry has a long history of undue influence on governmental agencies. A Chicago Tribune article recently pointed out that the IEPA and Dynegy have been rewriting IL air pollution laws behind closed doors since last year without public input. The legacy of undue influence ends up harming the state's future economic development, health, and safety. Public policy should promote changes that are beneficial to the interests of residents and their communities, not just corporate coal-utility interests.

Part of a review by the ICC should examine how coal mining impacts IL and its communities. A recent study concluded that IL spends 40 million dollars a year in subsidizing coal extraction through tax exemptions, grants, and benefits. There is no coal severance tax in IL unlike most of the coal mining states. The CST in WV is 6.5% and WY is 10.6%. Not having a CST in IL is a missed opportunity to increase revenue and facilitate coalfield communities with external costs from mining. A legacy coal fund would greatly help communities in IL with infrastructure problems, contaminated areas, and damage from coal mining after the coal

companies are long gone. Montgomery County Board passed a pro-severance tax resolution, but a CST is a hard sell to legislators. Their concern is that a CST might affect the IL coal industry's competitiveness. The truth is that coal use is declining nationally and communities see few benefits from continued coal mining.

The fact is coal mining in Montgomery County has not been the panacea that was portrayed by regulators and Hillsboro Energy LLC (HEL) when Deer Run Mine was established. From the beginning, the residents of the county were short-changed in the sale of the coal reserves. The County Board sold 200 million tons of coal reserves to the Cline Group for \$7.2 million in 2004. This group turned around a short time later and resold the coal rights to another Cline affiliate for \$255 million. Also, the 3% royalty rate is inappropriately low for any economic growth in the county. After Deer Run Mine subtracts Black Lung, Abandoned Mines, transportation, etc, payments, the rate is closer to 1.5% royalty. The royalty rate should be changed to a fair and just rate. Again, communities see few benefits from an industry that contaminates the area and causes countless health and safety issues.

Deer Run Mine has not extracted coal since March 2015 due to an underground fire. The fire has not been extinguished after several attempts, including sealing the mine. HEL plans to seal the section of the mine where the LWM machine and fire are located. Insurance will compensate HEL for the loss of the LWM equipment, but there is no compensation to the county for the loss of royalty revenue. The ongoing fire is a threat to the safety of Hillsboro and a deterrent to the growth of the county.

HEL has applied to the IL Department of Natural Resources for a 7,731.8 acre expansion to Deer Run Mine in 2015. IDNR/OMM has not approved or denied the permit application. The LWM expansion will cause additional subsidence of farmland and more damage to water resources in Montgomery County. Longwall mining drops the surface of the land in uneven sections over thousands of acres. These are permanent changes to the land affecting prime farm land and water resources because the land drops about the depth of the coal seam that was mined out and that can be

three to ten feet. Remember that we are talking about what were mostly flat fields that farmers have worked generations to drain and make efficient.

The City of Hillsboro receives little economic benefits from Deer Run Mine, but experiences many threats to safety and health. To my knowledge, Hillsboro only receives money from water sales to the mine. That is unfortunate since the residents endure coal dust, threat from failure of 2 high hazard coal slurry impoundments, contaminated water resources, damaged roads, and subsided farmland. The Hillsboro Airport was sold to HEL for a price well below replacement value and has not been replaced after 9 years.

The presence of Deer Run Mine has not promoted economic gain for the community. This negative outcome mirrors the predicament of other coal extraction counties in IL as well as other states. The health, safety, and economic growth of mining counties are typically ranked at the bottom of survey charts.

The air and water permits approved for Deer Run Mine do not adequately monitor the mining operation to verify compliance with the CAA and the CWA. Regulators and legislators must address coal impact issues affecting the communities surrounding Deer Run Mine. Rewarding the coal-utility complex for its profit survival and at the same time disregarding the survival needs of coalfield communities must not happen.

IL public interests must not be left to the political interests of the coal-utility complex. I don't want to see air emission standards for health weakened for Dynegy and I hope that the ICC will not change the capacity allotments that will raise electric rates. Residents deserve healthy, clean air and the advantages of including more non-carbon based energy for their electricity.

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